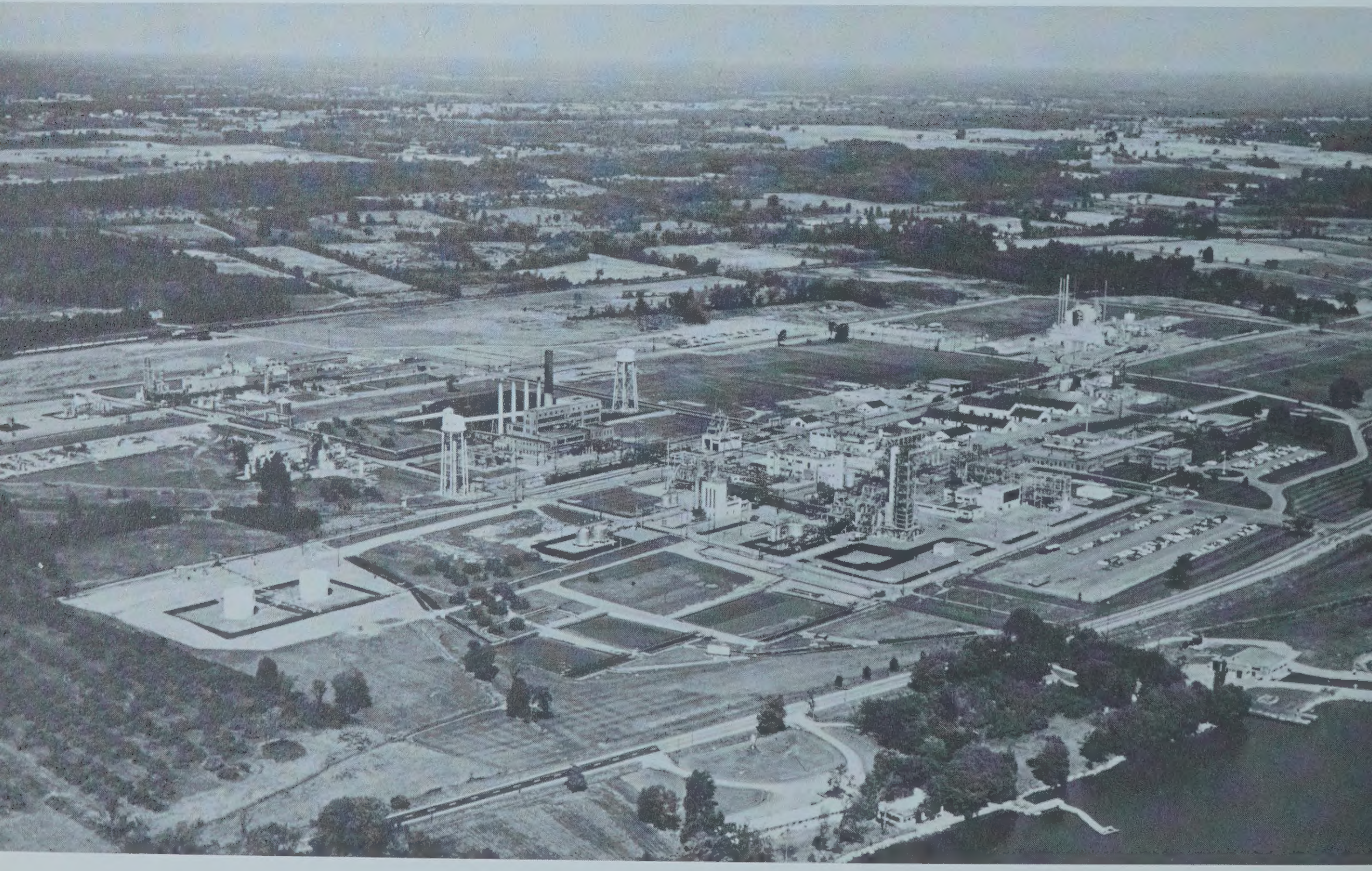
DU PONT CANADA

DU PONT OF CANADA

Annual Report 1967

Maitland Works, on the St. Lawrence River between Brockville and Prescott, Ontario, comprises six manufacturing units. Output includes nylon intermediates (adipic acid and hexamethylene diamine), "Orlon" acrylic fibre, "Lycra" spandex fibre, tetraethyl lead, hydrogen peroxide and "Freon" fluorocarbons.



57th Annual Report Du Pont of Canada Limited

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Board of Directors

Robert G. Beck
President
Du Pont of Canada Limited

Edgar H. Bleckwell
Executive Vice-President
Du Pont of Canada Limited

Joseph M. Breen
Executive

Frank S. Capon
Vice-President
Du Pont of Canada Limited

David S. Holbrook
Chairman of the Board and President
The Algoma Steel Corporation,
Limited

John K. Jenney
Executive

William C. Kay
General Manager
Organic Chemicals Department
E.I. du Pont de Nemours & Company

Herbert H. Lank
Chairman of the Board
Du Pont of Canada Limited

Hugh H. Lawson
Executive

R. Russell Pippin
Vice-President and Director
E.I. du Pont de Nemours & Company

Benjamin F. Schlimme
General Manager
International Department
E.I. du Pont de Nemours & Company

Lester S. Sinness
Vice-President and Director
E.I. du Pont de Nemours & Company

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Chairman of the Board

Robert G. Beck
President

Edgar H. Bleckwell
Executive Vice-President

Frank S. Capon
Vice-President

Herman F. Hoerig
Vice-President

Franklin S. McCarthy
Vice-President

Frank G. Raymant
Vice-President

K. M. Place
Treasurer

H. J. Hemens, Q.C.
Secretary

T. S. Morse
Assistant Treasurer

K. H. Scott
Assistant Treasurer

Transfer Agent, Registrar and
Dividend Disbursing Agent

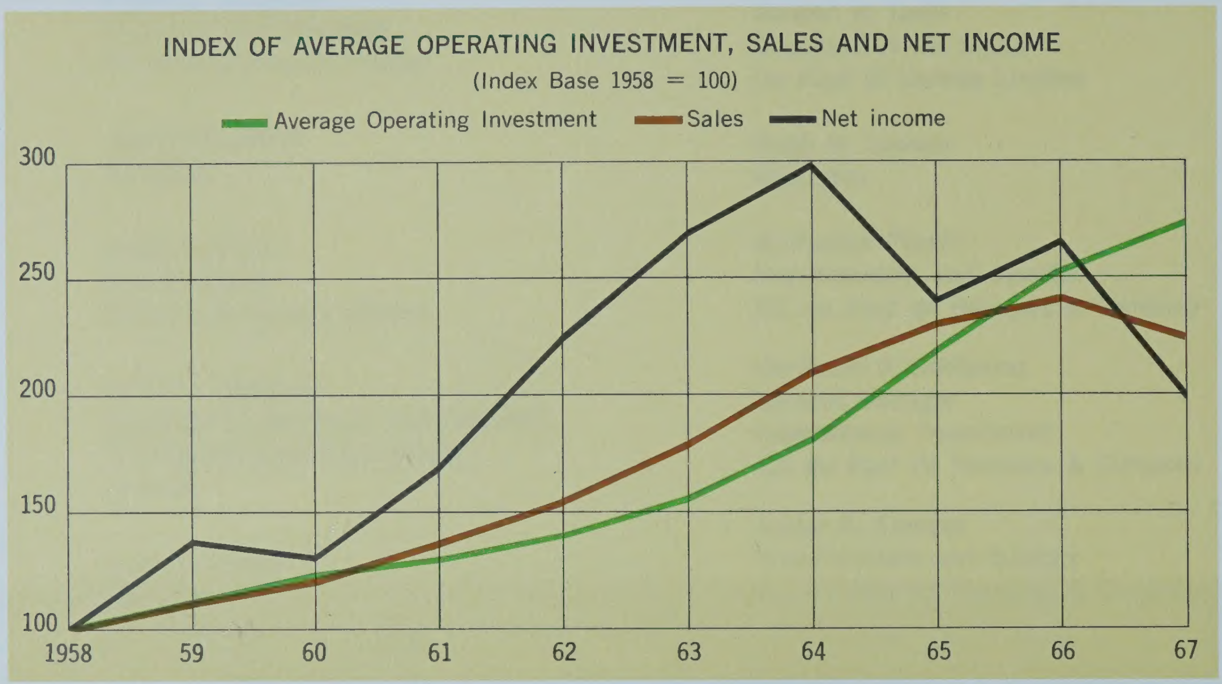
Montreal Trust Company
Montreal, Toronto, Calgary and Vancouver

Nous serons heureux de vous envoyer, sur demande, l'édition française de ce rapport.

Financial Results in Brief

	1967	1966	
	A common share		
Earnings	$1.30	$1.73	
Dividends	1.00	1.00	
	Dollars in thousands		% Change
Sales	$182,938	$196,526	− 7
Costs and expenses before provision for depreciation and taxes on income	149,149	156,713	− 5
Provision for depreciation	14,562	13,529	+ 8
Taxes on income	9,049	12,665	−29
Net income	10,425	13,798	−24
Construction expenditures	15,790	22,565	
Average operating investment	290,922	269,100	
Return on average operating investment	3.6%	5.1%	

To the Shareholders

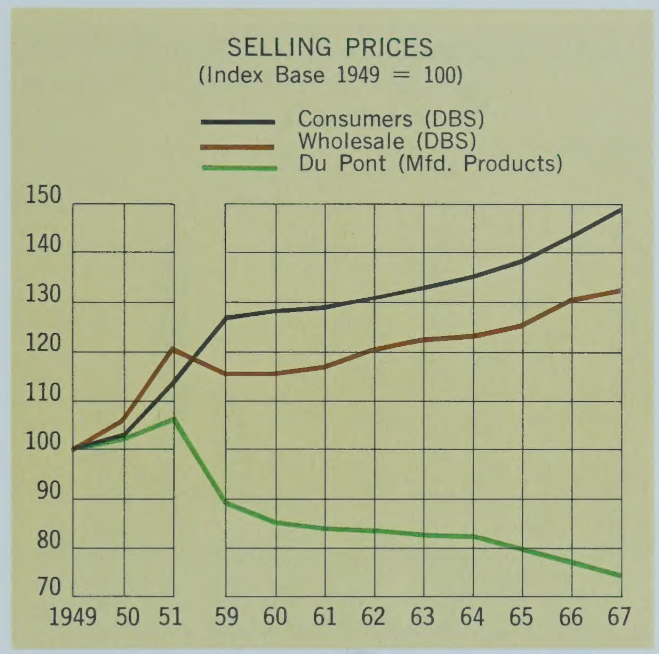


A moderation in the rate of economic expansion in Canada began in 1966 and continued throughout 1967. A slowdown in business investment, a marked decline in the rate of advance in consumer spending, liquidation of business inventories and reduced housing construction were some of the contributing factors.

The year 1967 was a year of problems and challenge for the Canadian chemical industry and for Du Pont of Canada. Earnings at $1.30 a share were down from $1.73 a year earlier and return on investment dropped to 3.6% compared with 5.1% in 1966. Major factors contributing to the decline in earnings were reduced volume of export sales, further erosion of selling prices both at home and abroad, particularly for man-made fibres, increased depreciation charges resulting from recent heavy capital expenditures, and increased salary and wage rates.

Financial Review

Sales



Total sales of $183,000,000 were down about 7% from the record level achieved in 1966.

Exports of both nylon fibre and intermediates were sharply lower because world over-capacity and increased competition reduced opportunities for profitable business. The domestic nylon textile yarn business made a partial recovery from the generally soft conditions and inventory liquidation which characterized the last four months of 1966. While volume was only slightly below last year, continued pressure was exerted on prices, particularly by foreign manufacturers with surplus capacity. This situation was further compounded by increased imports of fabrics and garments, largely from Far Eastern low-wage countries. Sales of nylon carpet yarn continued to show substantial growth aided by the introduction of new types of yarn which has made possible a new dimension in styling and design. Domestic sales of nylon for tires were lower than in 1966 as a result of inventory reduction at the tire fabric level, increased competition from domestic and foreign sources and the indirect effects of the strike in the U.S. tire industry. Sales for non-tire industrial applications were higher and served to partially offset the decrease in tire yarns.

Sales of "Orlon" acrylic fibre suffered from a sharp increase in imports of sweaters and spun yarns from the Far East, particularly Japan. The pile fabric market experienced a year of consolidation following a rapid expansion in 1966. Penetration into the acrylic fibre carpet market with "Orlon", using our carpet certification program, continued during the year. Both domestic and export sales of "Lycra" spandex fibre rose as this product continued to capture an increasing share of the foundation garment and swimwear markets.

Shipments of "Sclair" polyethylene resins showed further growth and annual capacity of the Sarnia, Ontario plant has been expanded. Sales of polyolefin film again increased and a continued high growth rate is forecast. The line of plastic "Vexar" net structures introduced several years ago continued to find new end uses.

The domestic market for "Cellophane" cellulose film peaked in 1966 and a decline in consumption in future years is expected. However, with increased emphasis being directed to export business, it is believed that the Shawinigan plant can continue to operate at an economic level.

Sales of tetraethyl lead increased, reflecting further market penetration.

Increased business in the air conditioning field has resulted from installations in offices and other commercial establishments and this demand is being met with some unique "Freon" fluorocarbon products.

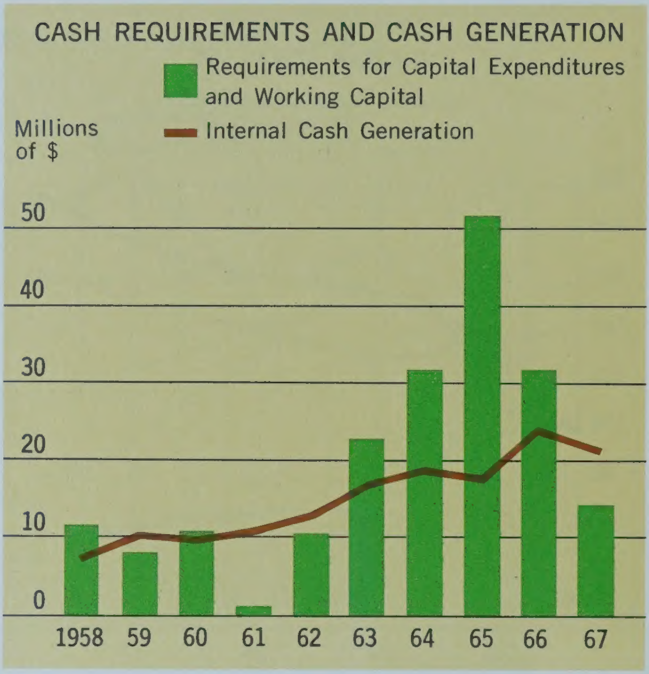
Sales of household paints and automotive refinish products showed moderate growth and shipments of automotive finishes were substantially higher due to the increasing use of "Lucite" acrylic lacquers.

The explosives market in Canada during 1967 was characterized by further technological advances and changes in the use and supply of explosives. The Company has maintained a leading position in the development of new products and techniques to satisfy the rapidly changing requirements of this important segment of the economy.

Costs and Expenses

Variable unit costs of manufacture declined during the year due to improved yields and lower raw material prices. Despite the general upward trend in wholesale prices, efforts to develop the most economic materials continued to yield savings. Fixed costs, excluding depreciation, were about the same as the previous year as the benefits of continuing cost reduction programs, more effective use of people and improved production efficiencies and scheduling were largely offset by wage and salary escalation. The provision for depreciation was $1,000,000 higher than the previous year and reflected primarily the first full year's depreciation on facilities which became operative in late 1966. The Company continued the policy of charging relatively high rates of depreciation during the early periods of operation when the financial risk of obsolescence is greatest.

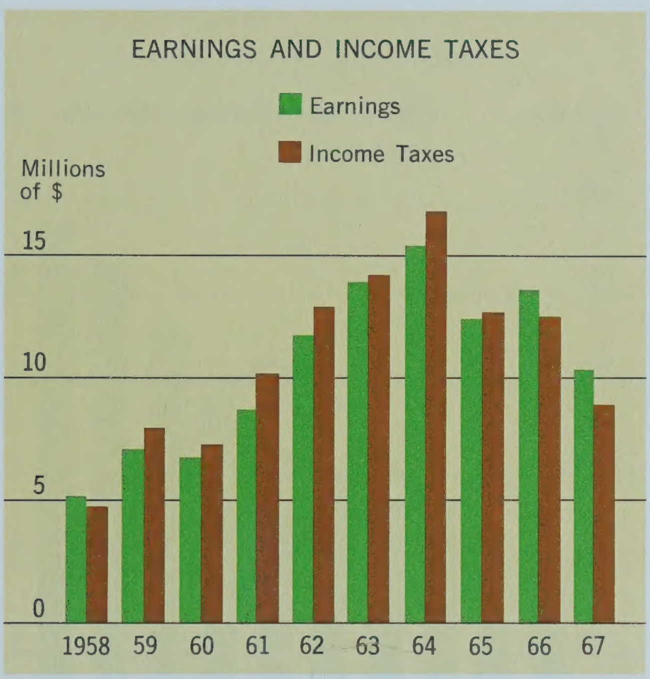
Financing



Reflecting lower capital expenditures and a reduction in net working capital, the Company's total borrowings at 31st December, 1967 were $6,522,000 lower than at the beginning of the year. The sources and uses of cash were:

Sources:	
Retained earnings after dividends	$ 2,365,000
Provision for depreciation	14,562,000
Provision for future taxes	4,553,000
Reduction in net working capital excluding cash and short term indebtedness	3,760,000
	$25,240,000
Uses:	
Construction expenditures	$15,790,000
Other expenditures (net)	2,551,000
	$18,341,000
Net increase in funds during the year	$ 6,899,000
Less: Increase in cash during the year	377,000
Reduction in debt during the year	$ 6,522,000

Financial Charges

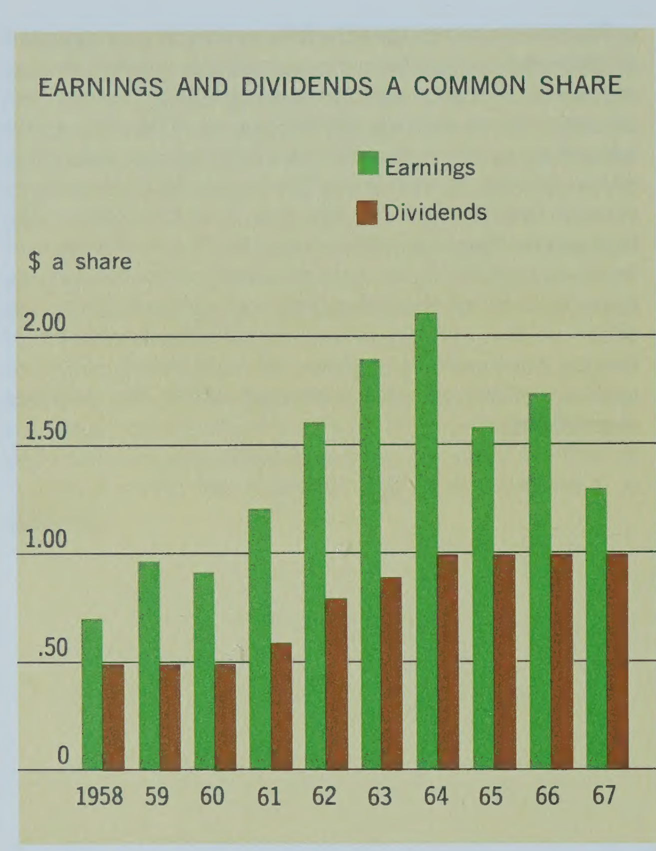


The average outstanding indebtedness during 1967 was slightly higher than in 1966 and interest charges at $1,504,000 exceeded the previous year by $132,000.

The Company continued the policy of claiming for tax purposes the maximum allowable provision for depreciation which was substantially in excess of that charged against profits. The resulting amount of $4,553,000 by which current tax payments were reduced was set aside from profits to provide for the future tax liability when capital cost allowances for tax purposes may be less than charges against profits. The balance in the accumulated provision for future taxes now amounts to $23,653,000.

The tax incentive for scientific research was replaced in 1967 by a non-taxable federal subsidy under the new Industrial Research and Development Act. The new Act provides for a subsidy amounting to 25% of capital expenditures for research and development plus 25% of the amount by which eligible operating expenditures exceed the average for the previous five years. The Company's research and development expenditures during the past five years have substantially exceeded the base year under the preceding legislation but the net effect of the change in the regulations has been to reduce the incentive payment in comparison with that which would have been received under the previous regulations.

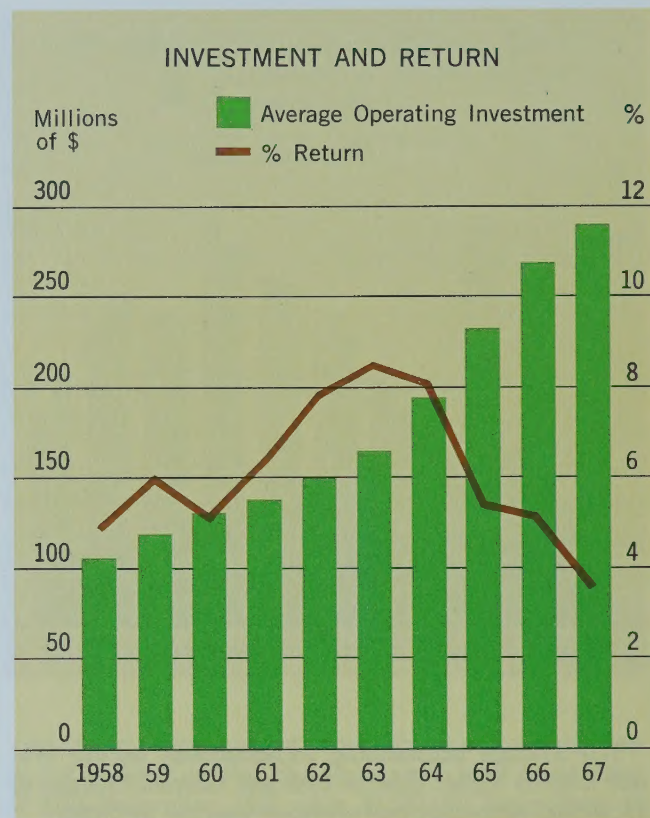
Earnings and Dividends



Net income for the year was down 24% from 1966 and earnings a common share amounted to $1.30 compared with $1.73.

Regular dividends were paid on the 7½% preferred stock and four quarterly distributions of 25 cents a share were made on the common stock in respect of 1967 earnings, the dividend for the fourth quarter being paid in January, 1968. The total distribution of $1.00 a common share remained unchanged from 1966.

Investment and Return



Average operating investment reached a new high at $290,922,000, an increase of $21,822,000 over the previous year. This reflected further outlays for additional plant and equipment and higher inventories. With the lower profit, return on average operating investment dropped from 5.1% a year ago to 3.6%, the lowest return for any year since the re-organization of the Company in 1954.

Financial Statements 1967

Du Pont of Canada Limited
and its wholly owned subsidiaries

DU PONT
CANADA

TOUCHE, ROSS, BAILEY & SMART
CHARTERED ACCOUNTANTS

HALIFAX
QUEBEC
MONTREAL
TORONTO
LONDON
REGINA
NORTH BATTLEFORD
EDMONTON

SAINT JOHN
OTTAWA
HAMILTON
WINNIPEG
SASKATOON
CALGARY
VANCOUVER
VICTORIA

ROYAL BANK BUILDING
PLACE VILLE MARIE
MONTREAL 2, CANADA

UNITED STATES OF AMERICA
GREAT BRITAIN
AND OTHER COUNTRIES
THROUGHOUT THE WORLD

CABLE ADDRESS: "TOUCHEROSS"

AUDITORS' REPORT

The Shareholders,
Du Pont of Canada Limited.

We have examined the consolidated balance sheet of Du Pont of Canada Limited and its subsidiaries as at 31st December 1967 and the statements of consolidated income, earned surplus and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at 31st December 1967 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Ross, Bailey & Smart.

Chartered Accountants.

Montreal, Que.
19th February 1968.

Statement of Consolidated Source and Use of Funds (Expressed in thousands of dollars)

For the five years ended 31st December 1967	Total for Period	1967	1966	1965	1964	1963
CASH AND MARKETABLE SECURITIES AT 1st JANUARY	$ 5,887	$ 1,260	$ 466	$ 869	$ 541	$ 5,887
SOURCE OF FUNDS:						
Net income	$ 66,438	$10,425	$13,798	$12,538	$15,649	$14,028
Provision for depreciation	54,725	14,562	13,529	10,922	8,339	7,373
Provision for future income taxes	17,303	4,553	4,992	2,770	2,555	2,433
Issue of common shares to employees and trustee	3,350	—	—	2,153	658	539
Issue of common shares to public	25,750	—	—	25,750	—	—
Borrowings — current obligations	21,200	—	8,500	—	12,700	—
— notes payable beyond one year	21,378	11,378	—	10,000	—	—
Disposal of fixed assets	1,056	141	—	838	28	49
	$211,200	$41,059	$40,819	$64,971	$39,929	$24,422
USE OF FUNDS:						
Appropriated for dividends	$ 38,445	$ 8,060	$ 8,060	$ 8,060	$ 7,509	$ 6,756
Expended on plants and properties	127,400	15,790	22,565	39,650	28,300	21,095
Expended for goodwill, patents and processes	2,602	2,025	—	—	577	—
Repayment of borrowings — current obligations	12,500	7,900	—	4,600	—	—
— notes payable beyond one year	10,000	10,000	—	—	—	—
Other	2,753	667	1,406	1,352	(300)	(372)
Increase (decrease) in working capital other than cash and marketable securities	21,750	(3,760)	7,994	11,712	3,515	2,289
	$215,450	$40,682	$40,025	$65,374	$39,601	$29,768
Increase (decrease) in cash and marketable securities	$ (4,250)	$ 377	$ 794	$ (403)	$ 328	$ (5,346)
CASH AT 31st DECEMBER	$ 1,637	$ 1,637	$ 1,260	$ 466	$ 869	$ 541

Statement of Consolidated Income

	1967	1966
NET SALES	$182,938,123	$196,526,097
Other Income	246,610	179,259
	$183,184,733	$196,705,356
Less:		
Cost of goods sold and other charges except provision for depreciation, interest and taxes on income (Note 1)	$147,644,378	$155,341,474
Provision for depreciation	14,562,385	13,528,651
Interest on borrowed money:		
Current obligations	699,720	798,574
Notes payable beyond one year	804,474	573,909
Federal and provincial taxes on income (Note 2)	9,048,610	12,664,769
	$172,759,567	$182,907,377
NET INCOME FOR THE YEAR	$ 10,425,166	$ 13,797,979

Statement of Consolidated Earned Surplus

	1967	1966
BALANCE AT 1st JANUARY	$ 81,979,336	$ 76,242,030
Add: Net income for the year	10,425,166	13,797,979
	$ 92,404,502	$ 90,040,009
Deduct: Dividends declared on —		
Preferred 7½% cumulative stock	$ 174,375	$ 174,375
Common stock ($1.00 a share)	7,886,298	7,886,298
	$ 8,060,673	$ 8,060,673
BALANCE AT 31st DECEMBER	$ 84,343,829	$ 81,979,336

Consolidated Balance Sheet

Assets

	31st December 1967	1966
CURRENT ASSETS		
Cash	$ 1,637,351	$ 1,259,764
Accounts receivable	22,378,012	23,400,693
Inventories, valued at the lower of cost or market	27,130,273	25,732,312
Prepaid expenses	1,633,141	1,598,626
	$ 52,778,777	$ 51,991,395
SPECIAL REFUNDABLE TAX	$ 992,171	$ 1,087,255
INVESTMENT SECURITIES AT COST	236,363	399,745
PLANTS AND PROPERTIES AT COST	241,922,194	229,799,564
LESS: ACCUMULATED DEPRECIATION	109,464,715	98,428,252
	$132,457,479	$131,371,312
GOODWILL, PATENTS AND PROCESSES AT COST LESS AMOUNTS AMORTIZED	$ 4,283,448	$ 2,265,835
	$190,748,238	$187,115,542

Signed on behalf of the Board:

Herbert H. Lank
Hugh H. Lawson } Directors

Liabilities

			31st December 1967	1966
CURRENT LIABILITIES				
Bank indebtedness			$ 2,200,000	$ 2,450,000
Notes payable			14,878,000	24,150,000
Accounts payable and accrued liabilities			9,451,201	8,920,726
Amounts payable to E.I. du Pont de Nemours & Company			6,981,028	2,394,843
Taxes payable			1,664,988	2,611,664
Dividends declared			2,015,169	2,015,169
			$ 37,190,386	$ 42,542,402
NOTES PAYABLE BEYOND ONE YEAR			$ 3,000,000	$ —
PROVISION FOR BONUS AWARDS TO EMPLOYEES PAYABLE OVER FOUR YEARS			1,448,954	2,923,416
LESS: ADVANCES TO TRUSTEE (Note 3)			1,244,275	1,785,956
			$ 204,679	$ 1,137,460
ACCUMULATED PROVISION FOR FUTURE INCOME TAXES			$ 23,653,000	$ 19,100,000
SHAREHOLDERS' EQUITY				
CAPITAL STOCK:				
Authorized	Shares			
Preferred 7½% cumulative stock (par value $50)	46,500			
Common stock (no par value)	13,500,000			
Issued and fully paid				
Preferred	46,500	$ 2,325,000		
Common	7,886,298	40,031,344		
EARNED SURPLUS		84,343,829	126,700,173	124,335,680
			$190,748,238	$187,115,542

Notes to Consolidated Financial Statements

1. Included in the charges against income is the total remuneration of directors and senior officers of $707,716 in 1967 ($769,608 in 1966) of which $423,816 ($453,358 in 1966) was paid or payable to directors including those who are officers.

2. Capital cost allowances in excess of the provision for depreciation charged against income in the accounts have been claimed for tax purposes. The amount by which tax payments have thereby been reduced, $4,553,000 in 1967 ($4,992,000 in 1966) is included in federal and provincial taxes on income and has been set aside as a provision for taxes which may be payable in future years.

3. In accordance with the Company policy to acquire common shares for sale to employees under terms of the Bonus Plan, the Company has entered into an agreement with a Trustee under which funds are provided for this purpose. At 31st December 1967 there were 29,593 common shares so held, (including shares held against awards to be made from the bonus fund for 1967) at an average value of $42 a share with a market price at that date of $25 a share.

4. As at 31st December 1967, there were outstanding scrip-units issued to employees under the Bonus Plan in respect of bonus instalments due on the dates shown entitling them to purchase common shares of Du Pont of Canada Limited as follows:

Bonus instalments due	Total scrip-units outstanding	Scrip-units issued to senior officers including those who are directors	Purchase price per share
2nd January 1968	4,640	1,181	$51.00
2nd January 1968	4,202	1,013	43.50
2nd January 1968	3,454	916	38.50
2nd January 1969	4,202	1,013	43.50
2nd January 1969	3,454	916	38.50
5th January 1970	3,454	916	38.50

If any scrip-units are not exercised, the Salary and Bonus Committee establishes an alternative method of delivery for the corresponding bonus instalment. In 1967, shares equivalent to the number of scrip-units not exercised were delivered at market value with the difference paid in cash and applied to reduce the provision for bonus awards.

5. Accounts receivable and accounts payable in foreign currency have been converted at the rates of exchange prevailing at 31st December 1967.

6. At 31st December 1967, there remained $9,544,000 to be expended on authorized appropriations for plant construction.

Operating and Financial Record

A Ten-Year Comparison

	1967	1966	1965
OPERATING RESULTS			
Earnings a common share*	$1.30	$1.73	$1.57
Dividends a common share	$1.00	$1.00	$1.00
Sales and other income	183,185	196,705	188,620
Costs and expenses before depreciation, interest and taxes on income	147,645	155,341	151,812
Provision for depreciation	14,562	13,529	10,922
Interest on borrowed money	1,504	1,372	511
Taxes on income	9,049	12,665	12,837
Net income	10,425	13,798	12,538
OPERATING INVESTMENT			
Average operating investment**	290,922	269,100	233,500
Return on average operating investment	3.6%	5.1%	5.4%
FINANCIAL POSITION			
Total current assets	52,779	51,991	45,483
Total current liabilities	37,190	42,542	26,322
Net working capital	15,589	9,449	19,161
Plants and properties	241,922	229,800	209,820
Other assets less other liabilities	2,307	2,615	(8,783)
	259,818	241,864	220,198
Deduct: Accumulated provisions for future income taxes and depreciation	133,118	117,528	101,600
Shareholders' equity	126,700	124,336	118,598

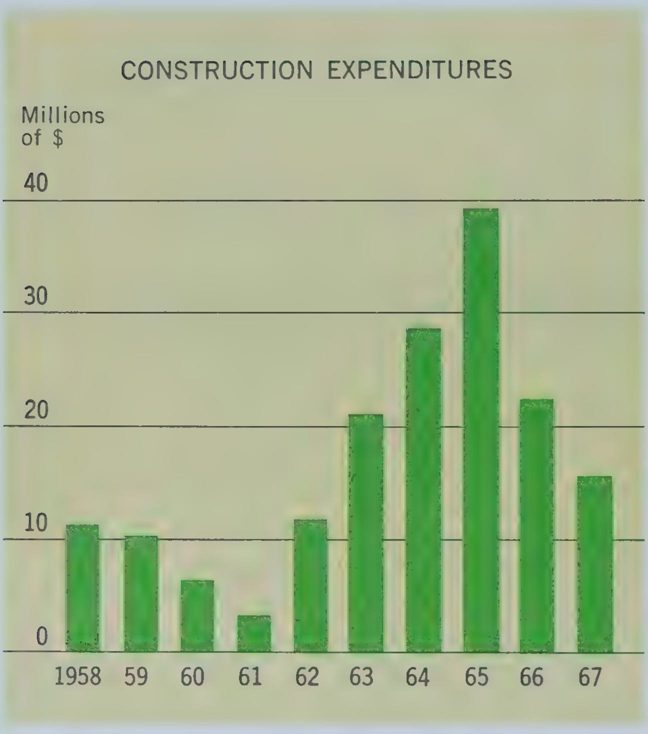
*Based on number of shares outstanding at the end of each year.

**Operating investment comprises total assets before deducting depreciation as shown in the Company's annual statements exclusive of goodwill, patents and processes; the average is based on the investment at the beginning of each calendar month.

(Amounts in thousands of dollars except where otherwise noted)

1964	1963	1962	1961	1960	1959	1958
$2.11	$1.89	$1.60	$1.20	$0.92	$0.97	$0.70
$1.00	$0.90	$0.80	$0.60	$0.50	$0.50	$0.50
172,048	146,162	126,784	112,279	99,906	90,992	81,753
130,692	110,366	95,246	86,048	78,930	69,562	65,916
8,339	7,373	6,704	6,928	6,325	5,917	5,358
283	—	—	204	449	416	394
17,085	14,395	13,025	10,232	7,367	7,928	4,850
15,649	14,028	11,809	8,867	6,835	7,169	5,235
194,000	165,000	149,900	138,900	131,400	118,900	106,700
8.1%	8.5%	7.9%	6.4%	5.2%	6.0%	4.9%
40,403	31,624	34,330	27,269	22,046	19,223	17,402
37,151	19,515	19,165	15,161	18,539	19,151	18,108
3,252	12,109	15,165	12,108	3,507	72	(706)
172,218	145,030	124,988	114,561	111,723	105,777	96,000
(135)	(412)	(38)	511	992	648	1,014
175,335	156,727	140,115	127,180	116,222	106,497	96,308
89,117	79,307	70,505	63,783	57,465	51,058	44,533
86,218	77,420	69,610	63,397	58,757	55,439	51,775

Expansion



Construction expenditures of $15,790,000 were 30% lower than the previous year. Major expenditures were made to increase capacity of the polyolefin resin plant at Sarnia, the nylon fibre plant at Kingston, and to improve the efficiency of the nylon intermediates plant at Maitland. Construction of the Technical Service Centre at Kingston was temporarily delayed and completion is now expected in late 1968. At the end of the year $9,544,000 remained unexpended on approved projects.

Since the low pressure polyethylene manufacturing processes were first introduced, there has existed a broad conflict between various basic patents. In order to protect its rights to exploit its "Sclair" polyethylene resins on the greatest scale possible, the Company acquired in 1967 non-exclusive licenses under the basic Ziegler and other patents for all countries except Germany, Italy, the U.K. and the U.S.A.

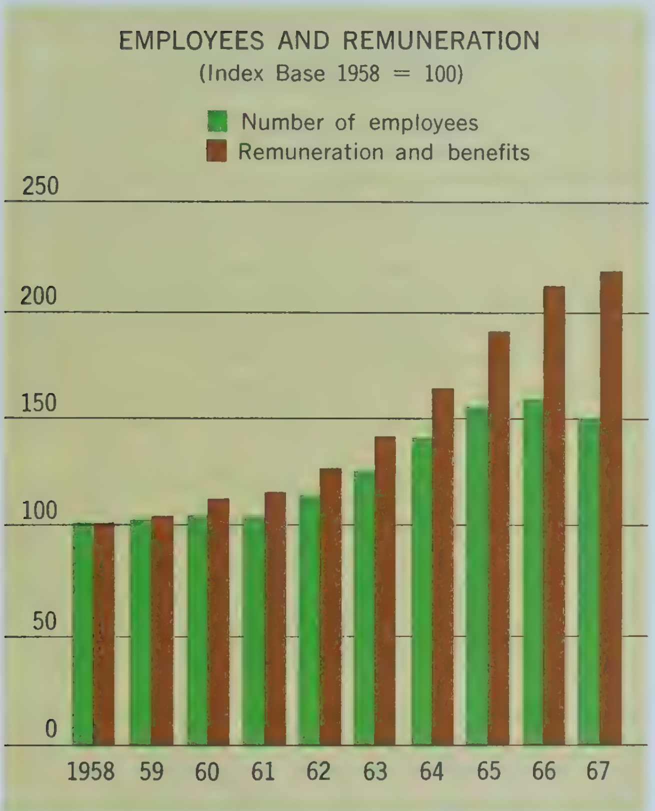
Research and Development

Scientific and technical research results available to Canadian companies frequently include the results from work done in Canada and from the greater effort of foreign parent companies.

The Company continues to be among the leaders in Canadian industry in the field of research and development and it spends millions of dollars annually in Canada supporting a wide range of research and development activities. The research done in Canada is a part of the world-wide research efforts of E.I. du Pont de Nemours & Company and its affiliates, and the Company's participation in the interchange of information and knowledge within this pool provides a benefit to the Company, its customers and to Canada.

The Canadian government has undertaken various programs to stimulate Canadian research, both to provide an environment to attract scientific talent and to take advantage of unique Canadian resources. The new Industrial Research and Development Incentives Act benefits will be available to all corporations regardless of tax position, but the major benefits will accrue to those corporations whose annual research and development expenditures are increasing rapidly.

Employees



The Board wishes to recognize once again the vital contribution of the men and women who make up Du Pont of Canada. It is their talents and efforts which are the life blood of the organization. Improvements in efficiencies and processes permitted adjustments to production schedules which, together with lower construction activities, resulted in a modest reduction in the labour force during the year. In total the number of employees declined 7% to 6,304.

The safety and well-being of all employees continue to be of vital concern to the Company. No area of effort is more important than the safety program aimed at eliminating injuries both on and off the job. Seven employees suffered work injury in 1967 as against six in the previous year. It is deeply regretted that one of the injuries resulted in the death of an employee in a traffic accident while on Company business. While the frequency rate of the number of major injuries per million man hours worked in 1967 at 0.55 did not attain the record low of 0.44 achieved in 1966, it was nevertheless the second best performance in the history of the Company. This low frequency compares with a rate of 6.91 for Canadian industry in general and 3.78 for the Canadian chemical industry.

Because of changing needs, employee benefits provided by the Company are under constant review. In 1967, for the third time in five years, the Company contribution for health insurance was increased and the scope of this plan was broadened to permit Company contributions to comprehensive medical-surgical plans. Effective 1st January, 1968, amendments to the Pension Plan, which was originally adopted in 1919 and last amended in 1966, provide higher levels of retirement income.

At the end of the year, $27,170,000 was held by an independent trustee to pay future pensions under that part of the Pension Plan financed solely by the Company. Employees may also participate voluntarily in a contributory supplementary plan to increase their pensions.

Bonus Plan

The Bonus Plan has been an important factor in the Company's progress for many years by providing special recognition to those employees who have demonstrated outstanding ability, efficiency and initiative. Each year, the Board of Directors may credit to the bonus fund a portion of the amount by which net income exceeds 6% of the average amount of the issued capital stock, surplus and interest-bearing indebtedness. A committee of Directors, chosen from among those members of the Board who are not eligible to participate under the Plan, determines the awards which are delivered in four annual instalments. An initial delivery either in the form of common stock of the Company or cash may be accompanied by three scrip-unit certificates each entitling the beneficiary to acquire a number of common shares for the appropriate subsequent instalment corresponding to the number of shares received or that would have been received in the initial delivery and at the same price. Common shares required to meet bonus deliveries are purchased by a trustee in the market with money from the bonus fund (see also Note 4 in the financial statements).

While the amount of the bonus fund for 1967 was sharply reduced, awards were made to 195 employees including those officers who are also Directors.

Directors

Following his assumption of new responsibilities in E.I. du Pont de Nemours & Company, Irénée du Pont, Jr., did not stand for re-election to the Board in April, 1967. W. Samuel Carpenter, III, resigned as a Director in August, 1967, upon his retirement from E.I. du Pont de Nemours & Company. Their extensive knowledge of the chemical industry and their keen appreciation of Company problems have been of invaluable assistance.

William C. Kay, General Manager of the Organic Chemicals Department, and Benjamin F. Schlimme, General Manager of the International Department of E.I. du Pont de Nemours & Company were elected Directors in their respective places.

Significant Developments During 1967

Encouraging progress was made during the year in the continuing program to develop new markets for products and to diversify the product line.

To ensure steady growth and improvement in the Company's line of packaging products, increased attention is being directed to several high growth areas. The Company has developed important products and machine systems for the plastic industrial bag business to be exploited under the "Sclairpak" trade mark. This new venture represents a successful conclusion to research and development aimed at developing superior plastic film structures and fabrication equipment for industrial bags. Du Pont of Canada is participating in this major market area in association with Thos. Bonar & Co. (Canada) Limited and Bonar & Bemis Limited.

An agreement has been concluded with Wiik and Hoeglund (Canada) Limited whereby it is building a plant at Huntsville, Ontario to manufacture large diameter plastic pipe. This product has a large potential for use in municipal sewer and water systems, public utilities and other industrial installations. Du Pont of Canada will supply the resin and market the finished product.

The continuing research program for better quality and lower cost chemicals for the production of nylon products has resulted in the introduction of a novel process improvement during the past year with significant cost advantages.

Du Pont of Canada Participation in Expo 67

EXPO 67 in Montreal was the crowning achievement of Canada's Centennial celebrations. The Company provided early and active support to the exhibition and, as the sponsor of the Du Pont of Canada Auditorium, shared in EXPO's world-wide acclaim.

Almost one hundred renowned scientists, statesmen, academic and business leaders from around the world spoke from the Auditorium stage under various sponsorships during the six-month exhibition. In addition, more than 800 scientific films were shown. The Company feels its participation was a unique opportunity to share in a great national undertaking.

Outlook

Looking to the future, the growth in Canada's output in the years ahead will depend primarily on the increase in both the quantity and quality of our productive resources and the efficiency with which they are used. Until the mid-1970's, the rapid growth of the Canadian labour force will continue and accentuate the need for new employment opportunities. However, the increasingly competitive international environment, the general scarcity of capital in the world and, in the late 1970's, the slower expansion of the labour force, all serve to emphasize the importance of continuing efforts to improve productivity.

Within the past eighteen months, three reports on taxation have been released, the Carter Report of the Royal Commission on Federal Taxation, the Belanger Commission Report on Taxation in Quebec and the Smith Report on Taxation in Ontario, all of which assigned top priority to a redistribution of the tax burden. However, one of the gravest problems facing Canada today is the total burden of taxation. The accelerating increase in government spending, which now accounts for more than one third of Gross National Product, is outpacing the growth of government revenues at existing tax levels. This raises troublesome questions about the stability of the currency and the possibility of further tax increases and of sharper conflicts in competition for the use of resources. Such conflicts could lead to serious increases in prices and costs which would further hamper Canada's ability to compete in international markets.

Sharply higher wage rates and the continuing impact of taxation have already damaged Canada's competitive position in world markets for manufactured products. The announcement of the tariff changes negotiated under the Kennedy Round has left considerable doubt about the new tariff structure and rates on chemicals because the government is still evaluating the Tariff Board recommendations concerned with these rates under Reference 120, initiated some twelve years ago. However, a long term assessment of the effects on the Company and its customers indicates that Canada's high-productivity manufacturing industries will feel increasing import competition. To the extent that the return earned by these industries is not competitive with the opportunities existing in other areas, the capital available for and hence the expansion and research opportunities for these industries will be reduced.

Canadian industry can produce the wealth needed for national prosperity only if its environment allows it to construct facilities of an economic size which will permit it to reduce costs and thereby compete in world markets. Given appropriate fiscal and monetary policies and political stability, the Company would view the future with confidence. In recent years, large sums have been spent to modernize our physical assets, to improve processes and productivity, to reduce costs and to develop new products; and much time has been given to the recruiting, training and re-training of employees. With favorable business and political conditions, this dual investment provides a solid foundation for future growth and profitability.

Chairman of the Board

President

22nd March 1968, Montreal, Canada.

Directory

Chemicals Department

Manufactured:

"Freon" fluorocarbon refrigerants
Aerosol propellants and solvents
"Albone" hydrogen peroxide
Tetraethyl lead and other petroleum chemicals
Hexamethylene diamine and adipic, nitric and hydrochloric acids

Serving these Markets

Textiles
Chemical
Food
Refrigeration
Petroleum
Mining and forest product industries

Finishes Department

Manufactured:

"Dulux" enamel
"Duco" lacquer
"Flo-Glaze Colorizer" and "Lucite" house and wall paints
Automotive paints and lacquers
Industrial paints
Undercoats
Thinners
Putties
Appliance finishes
"Teflon" coatings
Industrial primers and enamels
"Dulite" fluoropolymer enamels

Serving these Markets

Automotive industry
Auto refinish industry
Appliance, cookware and other industrial manufacturers
Painters
Decorators
Home owners and other consumers

Films Department

Manufactured:

"Cellophane" cellulose film
"Sclairfilm" polyolefin film
Industrial polyethylene films
"Vexar" plastic netting
Nylon monofilament
"Dura-Flex" binders

Resale:

*"Mylar" polyester film
*"Tedlar" polyvinyl fluoride film
*"Teflon" fluorinated ethylene propylene film
"Dymetrol" nylon strapping
"Stren" nylon monofilament fishing line

Serving these Markets

Packagers of food products
Paper
Tobacco
Textiles
Fertilizer
Asbestos
Toys
Hardware and chemicals
Agricultural
Electrical
Construction and building products industries
Various consumer goods industries

Explosives Department

Manufactured:

Commercial high explosives
Blasting agents
Primers, driliners
Industrial acids

Resale:

"Exprills" (ammonium nitrate prills)
Blasting supplies and accessories
*"Detaclad" explosion-bonded clad metals

Serving these Markets

Mining
Quarrying, construction and metal industries

General Products and Export Department

Resale:

Neoprene
*"Nordel", *"Hypalon", *"Adiprene" and *"Viton" elastomers
*"Hylene" organic isocyanates
Rubber chemicals
White and colored pigments
Precious metal preparations
*"Elvax" vinyl resins
*"Elvanol" polyvinyl alcohols and industrial chemicals
Dyes and intermediates
Auxiliary chemicals
Seed-treating and weed-killing chemicals
Insecticides
Fungicides
Animal nutrition products
X-ray and graphic art films and *"Dycril" photo polymer printing plates
*"Corfam" poromeric products
*"Reemay" spunbonded polyester

Serving these Markets

Rubber
Wire and cable
Paint and printing ink
Textile
Pulp and paper
Graphic arts
Hospitals
Clinics and dentists
Agricultural, chemical and related industries
Shoe manufacturers

*Trade mark of E. I. du Pont de Nemours & Company.

Plastics Department

Manufactured:

"Sclair" polyolefin resins and
"Zytel" nylon resins

Resale:

*"Alathon" polyethylene resins
*"Butacite" polyvinyl butyral sheet
*"Crofon" light guides
*"Delrin" acetal resins
*"Lucite" acrylic resins and acrylic monomers
*"Surlyn" ionomer resins
*"Teflon" fluorocarbon resins
Film and heat shrinkable tubing

Serving these Markets

Plastics industry
Wire and cable industries
Packaging
Pipe
Industrial and automotive component industries

Textile Fibres Department

Manufactured:

"Antron" nylon and continuous filament nylon yarns
"Cantrece" bicomponent nylon yarns
Bulked continuous filament nylon yarn
Nylon staple and tow
Nylon tire and industrial yarns
"Orlon" acrylic fibre, staple and tow
"Lycra" spandex fibre

Resale:

*"Nomex" high temperature resistant nylon fibre
"Orlon" bicomponent acrylic fibre, staple and tow
*"Dacron" polyester fibrefill batting

Serving these Markets

Hosiery
Apparel
Elastic fabrics and garment manufacturers
Home furnishings
Industrial textiles
Automotive tires

Research and Development Department

Resale:

Du Pont heat exchangers

Serving these Markets

Chemical and chemical process industries
Metallurgical industry
Metal treatment

Sales Offices

ST. JOHN'S, Nfld., 115 New Saver St.
HALIFAX, N.S., 7071 Bayers Road
FREDERICTON, N.B., 105 Prospect St.
SEPT ILES, Que., 824 Laure Ave.
STE. FOY, Que., 1090 Rue Louis-Riel
MONTREAL, Que., 1135 Beaver Hall Hill
AJAX, Ont., 408 Fairall St.
TORONTO, Ont. Toronto-Dominion Centre
LONDON, Ont., 200 Queens Ave.
SUDBURY, Ont., 18 Durham Street S.
WINNIPEG, Man., 491 Portage Ave.
CALGARY, Alta., Chinook Professional Building, Chinook Shopping Centre
VANCOUVER, B.C., 1111 West Georgia St.

Plants

Saint John, N.B.
Shawinigan, Que.
Maitland, Ont.
Kingston, Ont.
Whitby, Ont.
Ajax, Ont.
Sarnia, Ont.
North Bay, Ont.
New Westminster, B.C.

Please address inquiries to:

The Secretary,
Du Pont of Canada Limited,
P.O. Box 660,
Montreal 3, Quebec

Du Pont Products Serving Canada

1. One of the largest Christmas tree growing regions is near Pontypool, Ontario, approximately sixty miles northeast of Toronto. Each fall thousands of trees are packaged in attractive and flexible "Vexar" plastic netting to protect branches from breaking during shipment to retail outlets in Canada and the United States. Other advantages "Vexar" offers to tree growers include speed and economy in packaging.

2. A view of the nylon tire yarn beaming area at Kingston Works. On this equipment, yarn is transferred from small bobbins to large "beams" resembling huge metal spools. The "beams" are shipped to manufacturers of tire cord.

3. Heavy, off-the-road mobile equipment is required to carry tremendous loads. This calls for tires which will perform under the most difficult conditions requiring high strength and durability. Here, one of the largest tires made, is being removed from a curing mould. Canadian made tires for such heavy equipment use Du Pont nylon yarn for top performance.

4. This is a textile yarn texturing machine in the Technical Service Laboratory at Kingston Works. It is one of many pieces of machinery similar to that used by customers in the textile industry. The Laboratory provides technical assistance by evaluating new concepts and ideas and by solving difficulties encountered by customers.

5. The versatility of Du Pont fibres is well illustrated here. The young lady's jacket, lined and trimmed with pile of "Orlon" acrylic fibre provides warmth and comfort even in the coldest weather. The rubber treads with which the snowmobile is equipped are reinforced with Du Pont nylon which provides the strength and durability necessary to withstand shock and extremes of temperature.

6. The old and the new get together at Frobisher Bay in Canada's far north. An Eskimo mother (left) is wearing an outfit of sealskin which has been traditional winter dress in that area. The little Eskimo boy is wearing an attractively trimmed snowsuit made of pile of "Orlon". The young lady on the right is wearing a "Kul-e-tuk" jacket gaily trimmed with Canadian maple leaves. Winter wear of "Orlon" is popular everywhere because it's fashionable, easy to care for, comfortable and warm.

7. One of the growing applications for high density "Sclair" polyethylene resin is injection moulding of soft drink cases for the beverage industry. Here, a case is being removed from a moulding die. It has the advantages of being extremely light, easy to wash, attractive and long-lasting.

8. The use of "Sclairpipe" polyethylene pipe is expanding rapidly in Canada. It is lightweight, flexible, tough and non-corrosive and is available in a wide variety of sizes up to 40″ in diameter. Made from "Sclair" polyethylene resin it is used in both small and large sizes for water and effluent lines and in smaller sizes for distribution of gas. Here, two 35′ lengths of pipe are being fusion joined.

9. One of the most versatile materials today for both packaging applications as well as a multitude of industrial uses is polyolefin film. Here, at Whitby Works, "Sclairfilm" polyolefin film has been extruded as a continuous tube from a large circular die and is being wound on a core. The tubing in this case is earmarked for use as a vapour barrier in construction work.

10. New types of plastic products are making their appearance on the Canadian scene. At Whitby Works, Du Pont of Canada produces exceptionally strong flat tapes approximately 1/10″ wide from "Sclair" resin which are woven into fabric at a textile mill. The fabric, called "Fabrene", is then converted into industrial bags, tarpaulins and reinforced plastic materials which are used for a variety of industrial applications.

11. One potential use for bags of "Fabrene" polyolefin fabric is the packaging of asbestos for shipment to many parts of the world. The unusual strength of these bags permits them to withstand the abuse of handling at dockside. Complete moisture-proofness to protect contents, resistance to rot and freedom from contamination are other important characteristics.

12. Du Pont of Canada makes available the most modern techniques for efficient use of explosives. This is a bulk ammonium nitrate-fuel oil blasting agent unit used at large open pit mines. Materials mixed by the unit are transported to the blasting site and delivered directly into the bore hole. This technique has the advantage of reducing the customers' bore hole loading costs by comparison with similar packaged explosives.

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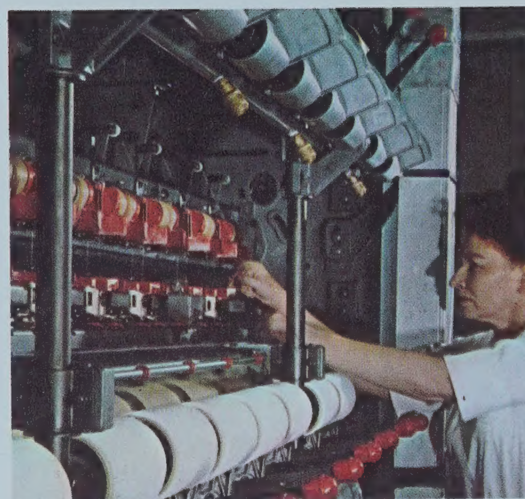

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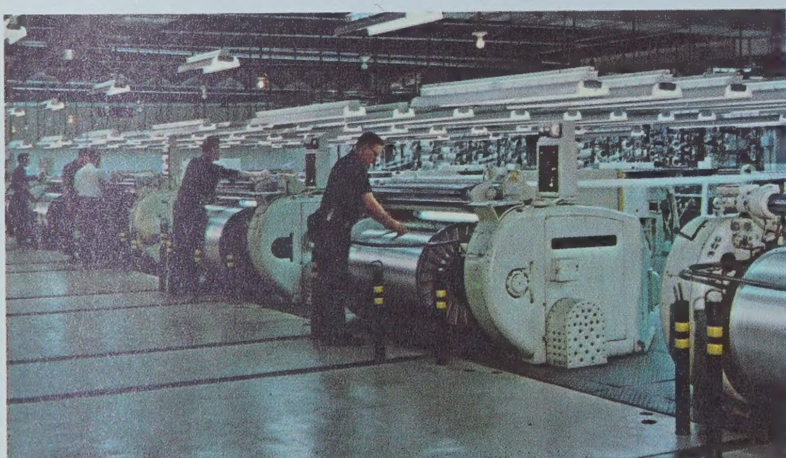

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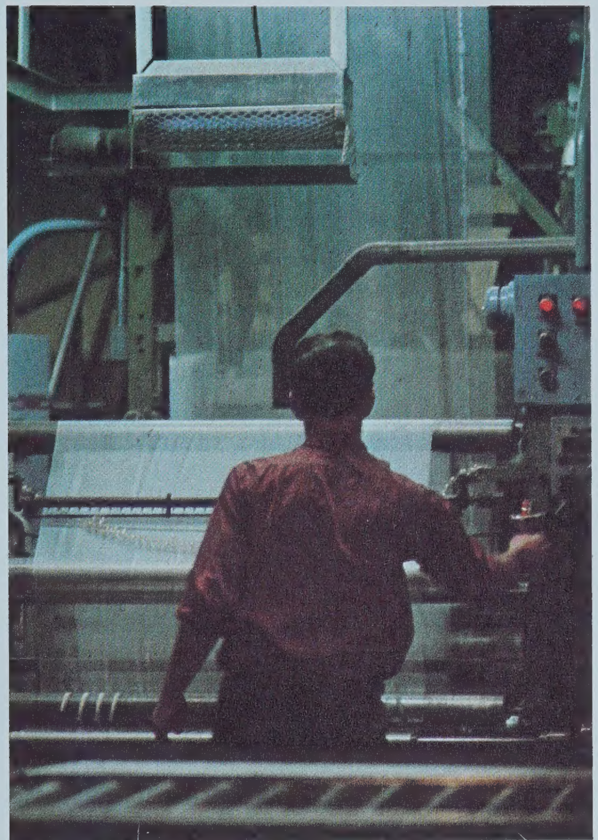

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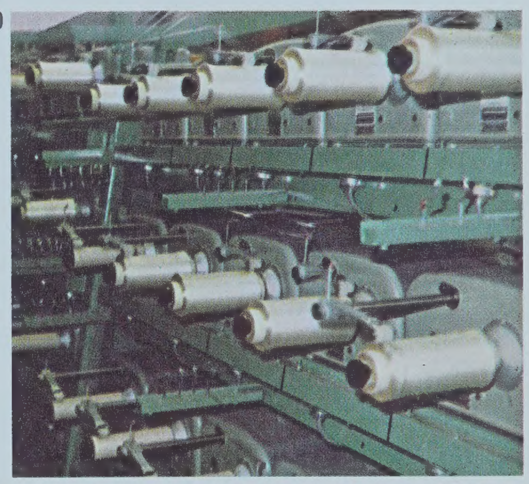

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